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JULY 13, 1964

CAN THE WORLD
BE ADEQUATELY FED?

THE EEC'S STRUGGLE
FOR COMMON GRAIN PRICES

FRENCH GRAIN OUTLOOK
GOOD FOR THIS YEAR

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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JULY 13, 1964

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Agriculture students from Tanganyika study scientific poultry-raising at University of West Virginia. Article on opposite page stresses need for education in battle to increase world's food output.

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DEPOSITED BY THE
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Can the World's Mounting Population Be Adequately Fed?

The answer depends on world farmers learning how to produce more, having incentive to do so, and having financial ability to adopt technological improvements that enable them to do so. In this equation, the importance of knowledge and leadership is discussed by Kenneth L. Turk, Director, International Agricultural Development, Cornell University.

The earliest peoples survived according to their ability to grow food, to hunt for it, and to fight for it. This scramble for enough food to stay alive still challenges more than one-half of the world population. Measured by minimal standards, this means that over 1.5 billion people are malnourished today—a greater number of people than lived in this world in 1900.

The problem of food supply will become increasingly important in the years ahead. World population is growing as never before in history. It took until 1830 to build up the first billion people on this earth. The second billion was added in just 100 years; the third came in only 30 years; and the present population is likely to double before the end of this century.

Population is growing everywhere, but at widely varying rates. Asia stands out. It now has 1.6 billion people, and will add about a fourth more every decade, so that by the end of the century the total will be almost 4 billion. However, the fastest growing region of all is Latin America. It has more than tripled its population since 1900.

According to estimates of the Food and Agriculture Organization of the United Nations, world food supplies must be trebled by the year 2000 if the population is to have enough of the right kind of food to eat. As one writer said a few months ago, "It is a race between the breeders and the feeders—and at the moment, the breeders are winning."

Food-scarce areas lack proteins

Man's principal sources of food are rice and wheat; all grains supply 53 percent of the total. In the developed countries the daily food is made up of a larger proportion of animal products—milk, meat, fish, and eggs—than in the other countries. In the underdeveloped regions the reverse is true, a very large portion of the diet coming from cereals, starchy roots, and sugar.

Total protein intake, in grams per head per day, falls from 103 in New Zealand and 97 in the United States to 59 in West Africa, and to the 50's in the Far East, Near East, and Latin America. And in terms of animal proteins the differences are even sharper—over 800 percent between North America and the Far East. Thus it is apparent that a major part of the food-scarce areas of the world suffers primarily from a deficiency of protein.

In most of the low-income developing countries, from 60 to 80 percent of the people are engaged in farming, but their productivity is so low that it falls short of feeding the population. Some will say that industrialization is the quickest and most effective way to raise incomes and living standards of these people. But they cannot industrialize successfully without a substantial improvement in their nourishment and human efficiency. They must first improve their agriculture and food production and utilization, for until then any diversion of the working force to industry will only make the food problems more desperate.

Increasing output not easy

The basic job, therefore, of the underdeveloped countries is to increase the productivity of their farms and farmers. This is not easy to accomplish. Farmers in these countries are conservative and resistant to change in their farming methods. They are hide-bound by tradition. They have not learned of the possibilities of scientific agriculture—education, research, and extension.

Just 100 years ago the United States was very much of an underdeveloped country—and today U.S. farm technology and food production are the wonder of the world. The productivity per farmer in the U.S. has tripled since 1940. The average farmer grows enough food for himself and 29 others, and the real top-notch farmer feeds himself and 200 others!

How did we do it? These advances in agricultural productivity in the United States are not accidental. They have not just happened. They are the result of education and research over the past 100 years and the utilization of research by farmers through our extension services. Education provides better leadership; research provides new knowledge; and this knowledge translated into action by farmers and those concerned with agricultural business all contributes to our successes in food production.

What I have said about the United States applies to Canada, Europe, Australia, New Zealand, Japan, and to a few isolated areas elsewhere. The population in these areas consumes 2,800 to 3,200 calories a day, whereas in most of the countries in Asia, Africa, and Latin America, the daily calorie consumption in most cases ranges from 1,875 to 2,500.

Food and know-how

At this point one naturally asks, "What are we doing about it?" And even more pertinent, "What can be done?"

The United States has two things, and possibly more, that the world badly needs—food and agricultural know-how. During the years 1955 through 1960 we gave away over 9 billion pounds of food commodities to needy and unfortunate people abroad. The U.S. food donation program

overseas distributed 2.9 billion pounds of food in 112 countries during calendar 1963. But giving away food obviously is not the answer to the world food problem. At best, it provides only a temporary stopgap.

We are also selling lots of food abroad. And we can sell more as new markets are developed and if necessary trade agreements are negotiated. But when all is said and done, low-income and poorly fed countries must themselves generate the ways and means for their liberation from hunger.

It is easy to make up a list of things that governments might undertake to help themselves solve their own problem. Such a list might include making available to farmers the seeds and stocks of improved plant varieties and breeds of livestock, extended farm credit, fertilizer plants, chemicals for pest and disease control, new implements and machinery suitable for local conditions, subsidies to grow new food crops, more irrigation, and extension programs.

But it is not that simple! Priority must be given first to education. Advancement and development in a country must be founded on the literacy and knowledge of its population. If a country is to raise its food supplies and living standards, its population needs to understand modern agriculture and nutrition. It must be equipped with teachers, research specialists, extension workers, and other experts in all the fields of agricultural and food science and technology. And it is also essential that political and administrative officials everywhere appreciate the food and population problems and realize the possibilities of science and technology.

There is a substantial backlog of agricultural knowledge and technology in the wealthier countries that can be exported, but it has to be adapted and tested in the local environment. This means adequate research programs in each of the different countries and demands further that there be an effective procedure for making new information available to those on farms and in businesses closely allied.

Mexico—a shining example

Probably the outstanding example of adapting U.S. research and training methods to solving the basic food problems of an underdeveloped country has been done by the Rockefeller Foundation in Mexico. In a relatively short time Mexico has doubled its food output. In spite of one of the most rapidly increasing populations in the world, the country's food supplies have more than kept pace; today, Mexicans are consuming about 2,700 calories daily compared with less than 2,000 calories just 25 years ago.

The big increases have come with the basic food crops —wheat, corn, beans, and potatoes. Through improved varieties and better cultural practices, corn yields have jumped from a mere 10 bushels an acre to more than 100 bushels on hundreds of farms. Wheat production is up by 250 percent, resulting from research on rust-resistant high-yielding varieties, improved soils, and better cultural practices. More recently advances have been made in production of eggs, broilers, and other animal products.

Some 700 young Mexican scientists have gone through training in research at the various experiment stations under the guidance of Rockefeller Foundation scientists, and almost 200 of them have been given fellowships, mostly to the United States, for advanced training. These trained Mexican scientists are now in positions of leadership in the National School of Agriculture, the National Agricultural Research Institute, in other government agencies, and in private industries. Thus, the U.S. scientists have worked themselves out of jobs.

It is a tremendous example of what can be done to feed people—the right kind of leadership, a little money, and interest and support on the part of local government officials. It could be duplicated in dozens of other areas of the world.

Other keys to the problem

Besides increased food production, there are other ways in which developing countries can tackle their food problems. One of these is better food conservation and preservation—an area in which advanced countries have made contributions fully as spectacular as those in food production.

We also can add a third relatively modern development that can help tremendously—artificial enrichment of foods with vitamins and other substances. For example, in the Philippines, a rice-eating country, a large-scale test from 1948 to 1950 demonstrated the effectiveness in combatting beriberi through the enrichment of polished rice with vitamins.

Another example would be the product known as Incaparina, developed in Guatemala in INCAP (Institute of Nutrition of Central America and Panama), to improve low-protein diets. It is a low-cost formula of about 55 percent grain, 38 percent oilseed meal, 3 percent torula yeast, 3 percent leaf meal, and 1 percent calcium carbonate. This product is now being sold in many Latin American countries, but almost any region of the world either has already, or can produce, the raw materials for a mixture of this sort.

The affirmative answer

Thus we come to the question, can the world provide enough food to feed its rapidly increasing population?

This is a grim and difficult battle, but no matter how difficult it must be won. Of course, I believe that with education and good leadership it can be won, and that the job would be much easier if something were also done to slow down the rate of population growth. There are others who take this stand too, among them Dr. J. George Harrar, President, The Rockefeller Foundation, who stated the problem very clearly when he said:

"The simple truth is that we know enough—today, now —to transform the food production of the world. So far as scientific knowledge is concerned, there is no reason why any human being in the world should not be well fed, and there is no longer any excuse for human starvation. The stumbling block is man himself—his prejudices and misinformation, his lack of education and ability to put to work the accumulated scientific and technical knowledge that lies at hand."

This article is a condensation of the talk presented by Dr. Turk at the 1964 Reunion Faculty Forums, Cornell Alumni Association, Ithaca, N. Y., June 19, 1964. Much of the material in the talk was drawn from publications of the U.S. Department of Agriculture, the United Nations, the Food and Agriculture Organization, the Rockefeller Foundation, and the magazine, Scientific American.

Iran Moves To Restore Agriculture in Khuzestan

A renovated 2,500-year-old canal and a new 665-foot dam mark the beginning of a new era of irrigation in the Khuzestan region of southwestern Iran.

By H. CHARLES TREAKLE
Foreign Regional Analysis Division
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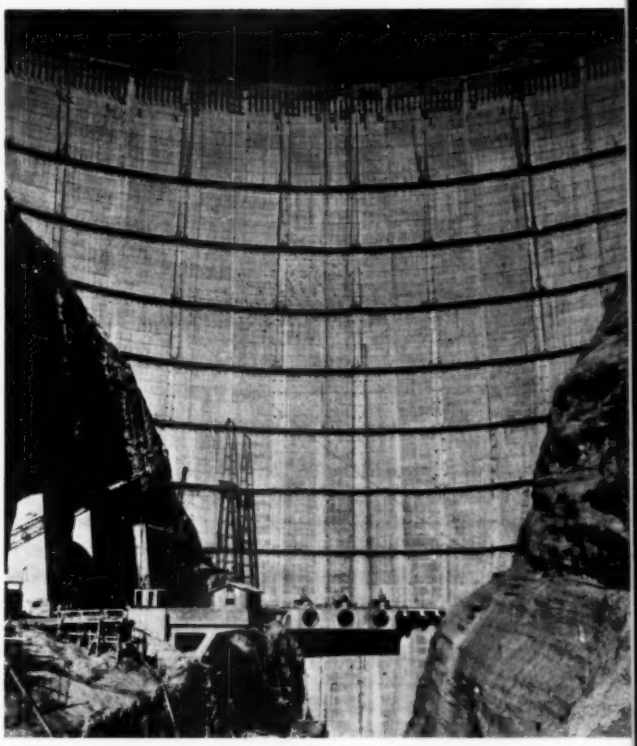
Until 7 centuries ago, Khuzestan was the farming center of Eastern civilization, watered by a complex irrigation system; but irrigation there eventually ceased and with it agricultural productivity. Today, under the Khuzestan Water and Power Authority, remains of this old system are being put back into use and a vast new one is being constructed, making possible the production of sugarcane —which once flourished here—and other crops.

The first material result of the new project is the Mohammed Reza Shah Pahlavi Dam, which was finished in March of last year. Located near the city of Dezful, it is the largest dam in the Middle East and among the largest in the world. It has capacity to irrigate some 308,000 acres and produce around 520,000 kilowatts of electrical power.

Eventually this dam will be followed by some 14 others. Together, these dams will open up for cultivation at least 2.5 million acres and provide 6.6 million kilowatts of power.

To the people of Khuzestan, this project will bring a year-round water distribution system, land conservation, flood control, improved communications, and new industries. It will enable them to grow grains, cotton and fruit, as well as sugarcane.



A view of the Mohammed Reza Shah Pahlavi Dam in the Bakhtiari Mountains of southwest Iran near the city of Dezful. (Photos courtesy of the World Bank.)

Wealth of natural resources

An area of about 58,000 square miles of mountains and plains, the Khuzestan has some 2.5 million acres that are irrigable. It is the home of about 2.5 million people, most of whom are farmers.

Flowing from the Zagros Mountains into the plains of Khuzestan are five snowfed rivers—the Karheh, the Dez, the Karun, the Jarrahi, and the Hindijan. All are wholly within Iran and together have a flow great enough to irrigate millions of acres of land. Unrestrained, their forces regularly cause widespread destruction at their December-April flood peaks; but when harnessed, they will provide the water needed to restore agricultural production.

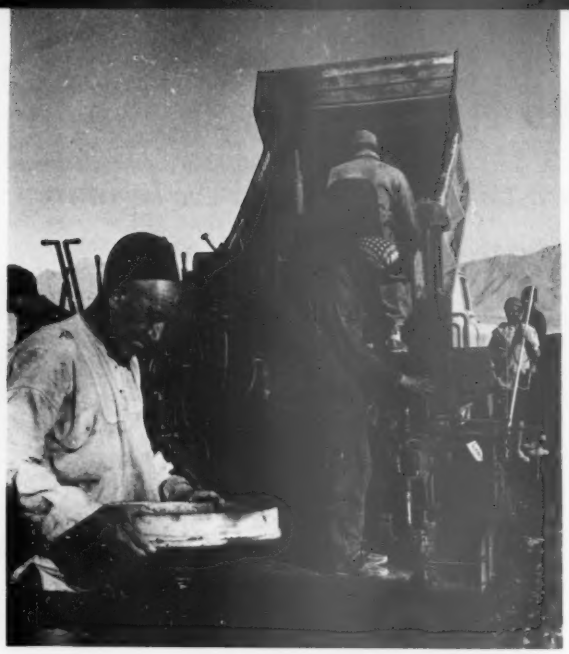
In its natural resources, Khuzestan is one of the richest regions of the world. Its delta plains have vast reserves of petroleum and natural gas and provide year-round farming possibilities. With their fertile land and mild winters, they are ideal for truck farming; produce grown here would have a good market in the rest of Iran when winter has the highlands and plateau in its grip. This region is further endowed with the country's major seaports which are, in turn, the southern terminals of the Trans-Iranian Railroad that connects the Khuzestan with the capital.

To develop its agricultural resources, however, the Iranians must overcome numerous obstacles. The foothills of the Zagros support some grazing but are too rugged to be easily cultivated. The plains of the delta area, while fertile, are wholly dependent upon irrigation; and their summer climate, though fine for many valuable crops, is most inhospitable to man. With temperatures reaching 130°F, this region may easily be one of the hottest places on earth.

Nevertheless, the good features by far outweigh the bad. Attesting to this is the Khuzestan's past history of agricultural abundance.

Hub of ancient civilizations

Khuzestan's irrigated fields provided food for civilizations as far back as the Median Empire—called by some historians the first world empire. By 521 B.C., water diversion there had become a perfected engineering operation, and it continued to flourish until the early 13th century, when the Mongol invasions are believed to have started its demise. In the succeeding years, destruction was probably speeded along by marauding armies and neglectful farmers, as well as by centuries of accumulated sand and silt.



The building of roads, such as the one above, is part of Iran's program of land reclamation and development.

While expansion in irrigated land is taking place, new industries are springing up, such as this cement plant.

It was not until the early 1950's that the Iranians moved to reclaim this area. Planning for a new Khuzestan was begun at this time; however, because of the vast area covered, the national importance of the project, and the technical and capital investment required, it moved slowly.

Visions of a productive Khuzestan began to take concrete form in March 1956, when the Plan Organization of the Iranian Government signed an agreement with a large development corporation in the United States. The U.S. concern agreed to design and carry out in Khuzestan a long-range program of agricultural and industrial development patterned after the United States' successful Tennessee Valley program. Also, Iran's Second Seven Year Plan called for the investment of money earned from oil in irrigation and agricultural expansion in this area.

Work on the dam begins

In 1959, the development corporation submitted its initial report. This outlined a plan for a system of storage dams on the region's five rivers, giving special treatment to drainage and salinity problems, an irrigation network, low-cost electricity, navigation facilities, and overall unified development of all resources. Early in the following year, work began on the high dam on the Dez.

The first irrigation water from the Pahlavi dam is now being used in a pilot area of about 50,000 acres near Dezful. Here systems of canals and laterals are being constructed to carry water to fields, and the farmers of the 57 villages are participating in crop and water management experiments.

This area has shown substantial increases in yields of crops. Yields of onions have increased by almost 150 percent from 7.7 metric tons per acre to 19 tons; those of melons, by 32 percent from 10 tons to 13.4; and those of lettuce by 20 percent from 23.5 tons to 28.3. Also, wheat and cotton yields are said to be greatly improved. It has been estimated that all the crops raised in the Imperial Valley of California could be grown here, once canals are dug, the land leveled, and the salt washed off.

Major agricultural undertaking is to reestablish sugarcane as a commercial crop. Currently, cane is being cultivated on a 25,000-acre plantation at Haft Tapeh. Cane grown here has been carefully selected from more than 100 varieties, and tests are now underway to find a top-quality variety suitable for widespread cultivation. Watering the southern section of this plantation is a 50-mile-long canal that was constructed in the time of Emperor Darius. Using it has reduced the cost of the project, since it serves as an important link in the main water supply system.

In 1961-62, the first commercial sugarcane crop was grown on about 5,400 acres of the plantation. From this were produced some 12,000 metric tons of refined sugar. Acreage in 1962-63 was upped to about 7,400 acres, from which were produced around 16,000 tons of sugar. The crop in 1963-64 was expected to yield about 25,000 metric tons, but it was damaged by frost, and as a result, only about 15,000 tons of sugar were produced.

Large potential market for sugar

There is a big demand for this sugar, since it is one of the few commodities in which Iran is not self-sufficient. In fact, for many years it has been one of Iran's leading imports. For the 8-year period beginning with the 1954-55 trade year, the average annual import of sugar was 275,000 metric tons, valued at $33.5 million. When the entire 25,000 acres of the plantation are put into sugarcane—the ultimate goal—this import figure will probably be reduced substantially.

Besides the increased agricultural output, other results are building up. Since the spring of last year, the towns of Abadan, Khorramshahr, Ahwax, Dezful, and Andimeshk and nearby villages have received low-cost electricity. In addition, the village areas that receive irrigation from the Dez River are now protected from the periodic floods, which formerly did untold damage.

Outlook Good for French Grain Crop This Year

By PAUL E. QUINTUS
U.S. Agricultural Attaché
Paris, France

Favorable winter weather and a normal spring growing season add up to good prospects for French grain production this year. The forecast for the 1964 wheat harvest is 12,690,000 metric tons (466 million bu.)—very close to the quantity that was "projected" a few years back for 1964.

This 1964 crop is neither so good as the record crop of 1962 nor so bad as the weather-damaged one of 1963. Given present prices and technology, it is about average. The forecast is based on acreage and current conditions. According to the Ministry of Agriculture, wheat area totals some 10,981,126 acres—somewhat less than in 1962, but about 20 percent more than in 1963, when winterkill was unusually severe. As of June 1, yields were forecast at 42.37 bushels per acre, reflecting normal expectations for recent years.

The outlook for barley is also favorable, and a crop of 6,148,000 metric tons (282 million bu.) is now forecast for this year. Barley production, contrary to that of wheat, is indicated to be higher than in 1962 but down sharply (by 1.2 million tons) from 1963, when barley acreage was abnormally high to compensate for winter-killed wheat. In fact, the 1964 barley area, at 5,682,223 acres, is down about 10 percent from 1963, though 6 percent higher than 1962. Barley is expected to yield about 49.63 bushels per acre this year—off fairly sharply from the high yields of 1963.

Acreage in oats continues to decline, and production to fall in proportion. Some 2,879,773 acres will be harvested this year—12 percent less than in 1963—and production is forecast at 2,458,110 metric tons (169 million bu.)

It is still too early to size up the 1964 corn situation. Preliminary forecasts show 2,213,120 acres planted, compared with 2,425,540 last year; but it is expected that the final area will equal that of 1963 and perhaps be even a little larger. Corn production last year was a record 3,715,450 metric tons (146 million bu.).

Good crop prospects, while basic to the welfare of French farmers, do not mean they have no problems. Prices received by farmers for their grains have weakened considerably in 1964. Combining to produce this weakness are larger wheat deliveries than previously expected; larger supplies of feed grains, with a consequent shortage of storage space; smaller denaturing payments for feed wheat; and lower export subsidies.

Beginning in March, the average wheat price f.o.b. country elevator in France fell below the intervention price in the zone of greatest surplus. This situation brought ONIC (the National Cereals Office) into the market, for the first time since the establishment of the present support system, to purchase wheat at intervention "A" levels. Besides buying wheat to support prices, the government found it necessary to restore the denaturing premiums and to raise export subsidies. These had been reduced for the short 1963 crop, to assure that adequate supplies of millable wheat would be maintained. While these countermeasures relieved the pressure on the wheat market, large stocks of feed grains, especially corn, have continued to hold prices close to intervention "A" levels. Oat prices, unsupported by a system of intervention, have been down sharply.

France, like other members of the Common Market, is deeply concerned with the problem of a unified grain price for the EEC. Unification is basic to the French concept of a workable Common Market. Yet the overriding need in France to stabilize prices and the cost of living places the French in a difficult position with respect to any arrangement that would raise average grain price levels. An increase in prices, while strongly favored by influential producer groups, would very likely lead to increased production with no comparable expansion in the domestic or export market. More importantly, it would lead to a general increase in other domestic prices, particularly those for meat, poultry, and dairy products. These are leading cost-of-living items, and increased prices would jeopardize the French stabilization program.

Thus, on balance, France supports the concept of "low" grain prices. At the same time, it recognizes that the possibility of EEC grain price unification at the French level is not realistic. The way out of this dilemma for France is by no means clear.

Some French farmers, like this one in Brittany, still harvest by hand. French oats, barley, and corn crops this year are down from last year's highs, but the wheat crop is expected to be considerably better.

The EEC's Struggle for Common Grain Prices

—and the Kennedy Round of negotiations

The great debate within the European Economic Community this summer concerns the setting of common prices for grains. But repercussions of the debate are being felt outside the Community, specifically at Geneva, Switzerland, where the grain price problem has slowed the progress of the agricultural trade negotiations under the General Agreement on Tariffs and Trade.

Since November 1963 the EEC Commission—the Community's executive body—has been trying to reach agreement on the common grain prices with the EEC Council of Ministers—made up of representatives of each of the six EEC countries and empowered to make final policy decisions. Now the Council has postponed until December 15, 1964, its decision on whether Common Market grain prices are to be unified for the 1966-67 marketing year.

The EEC Commission has indicated that it will not be prepared to go ahead with Kennedy Round agricultural negotiations until uniform grain prices have been established. It is the American position, however, that the GATT trade negotiations need not await final settlement of uniform grain prices.

Stumbling block to grain price unification all along has been the wide spread between high grain prices in West Germany and lower prices in the other EEC countries, especially France (for wheat) and Italy (for barley). Last fall Sicco Mansholt, the Commission's Vice President, submitted a proposal calling for common prices falling in a middle ground (*Foreign Agriculture*, Nov. 18, 1963). Agreement could not be reached on this original "Mansholt Proposal" in time to meet the Commission's July 1, 1964, deadline, nor on a revision submitted in May 1964.

In the original proposal, the uniform prices were to have taken effect for the 1964-65 season which has just opened; in the revised plan, they were scheduled to become effective for the 1966-67 season.

What the Council has agreed to

When it became apparent at the Council meetings of June 1-3 that the uniform price schedule could not go through at that time, the Council accepted the Commission's proposal to set 1964-65 target prices within the same range as last year's target prices.

In the target price limits just agreed on for 1964-65, the lower limits for rye and corn are slightly higher than the lower limits applicable last year, but they are not above the lowest target prices selected by individual countries last year. The lower limit for barley is equal to last year's, but it is higher than the Italian target price for last year, for which Italy had special permission. Thus, these new limits will not require any changes in EEC grain prices except perhaps a minor increase in Italian barley prices if Italy does not obtain another waiver.

Since the June Council meeting that set the 1964-65 target price range, the Netherlands has increased its 1964-65 threshold prices for grain by amounts ranging from $5.00 per metric ton for barley to $6.75 for durum. (These are the prices at port, at which imported grains enter. They are based on the target prices, which represent the wholesale level in deficit producing areas of the country.) West Germany has indicated that its prices will remain unchanged.

What the EEC Commission thinks

Expressing the viewpoint of the Commission, its president Walter Hallstein, in presenting EEC's Seventh General Report to the European Parliament on June 18, warned of the effect that failure to agree on unified grain prices would have upon both the Community's common agricultural policy and the current negotiations under the General Agreement on Tariffs and Trade. Excerpts from his speech follow.

"The Commission...has been led to the conclusion that there is no general readiness in the Council of Ministers to align prices this year. All that has been agreed is to consider the decision once again before the end of the year, and this, in the opinion of the Commission, is the very least that must be done. If no common cereals price is agreed on soon, we can expect progress with the common agricultural policy and in the Kennedy Round to come to a halt. This second consequence—the blocking of GATT negotiations—is disputed in some quarters. It is insinuated that the Commission sees a causal relationship where

GRAIN PRICES IN THE COMMON MARKET

Grain	Proposed common prices, 1966-67	Actual range, 1963-64: Highest target, deficit areas [1]	Actual range, 1963-64: Lowest target, surplus areas [2]	Agreed range, 1964-65: Upper limit	Agreed range, 1964-65: Lower limit
	U.S. dol. per metric ton	*U.S. dol. per metric ton*	*U.S. dol. per metric ton*	*U.S. dol. per metric ton*	*U.S. dol. per metric ton*
Wheat	106.25	118.88	[3] 92.20	118.92	92.20
Rye	93.75	108.12	[3] 72.51	108.17	72.51
Barley	92.50	103.00	[4] 70.91	103.07	72.17
Corn	93.75	—	[4] 68.42	—	68.42

[1] Germany. [2] France. [3] Netherlands. [4] Italy.

OTHER PARTS OF THE REVISED MANSHOLT PROPOSAL

(Decisions postponed along with that on price unification)

- Council review of the suggested 1966-67 prices before July 1, 1965, "with the objective of adjustment, if necessary, according to the developments which meanwhile have taken place. At this re-examination the Council should consider particularly the effects of the development of living costs in the member countries on farm income," as well as the supply and distribution of grains, supply and demand conditions in world markets, and prices of other farm products.
- Compensation for losses to farmers in Italy, West Germany, and Luxembourg due to lower grain prices, for the years 1966 through 1969, with gradual reduction from full compensation to two-thirds.
- Community 4-year plans for improving farm living standards.
- Commission inventory, by September 1965, of measures now used to raise farm incomes, and submission by July 1, 1966, of a plan for harmonizing these measures.
- Council decision before April 1, 1965, on determining subsidies for exports to third countries beginning with the 1966-67 marketing year.

none actually exists. A common cereals price, it is asserted, is not demanded by the Americans.

"My answer is this: It is true that our American partners in the negotiations say that a common cereals price would be helpful for the Kennedy Round but is not a decisive factor. On the basis of this argument, they defend their negotiating position, as they are perfectly entitled to do. It is no secret that their aim in the Kennedy Round is quantitative regulation of access to the market. Even as part of such an arrangement, the cereals price will of course be one among several important factors. What is, however, more important is that a quantitative solution is not acceptable to the Community. It would run counter to the basic principles of the Community agricultural policy, long since agreed on by the Six at the cost of so much effort.

"Essential to these principles is the control of farming by means of prices and the dismantling of all other *dirigiste* methods previously employed (government trading, quotas, compulsory mixing regulations, etc.). In line with this approach, the Council of the Community on 23 December 1963 unanimously adopted terms of reference for the commission in the Kennedy negotiations based on this fundamental conception. Since we also feel that, in order to preclude discrimination by importing countries against exporting countries, all agricultural protection devices must be laid on the negotiating table, and not only import policies, the keystone of our proposals is the ascertainment and (first of all) the binding of the support levels....

"From this arises the central significance of the cereals price for the Kennedy Round—and for the Kennedy Round taken as a whole, since, at the request of the Americans, both industrial and agricultural trade is being negotiated. Without the fixing of the cereals price, the negotiations could therefore only succeed if the American side were to abandon its position in linking industrial and agricultural trade or the Community rejected the fundamental tenets—so laboriously hammered out—of its agricultural policy and replaced the negotiating instructions of 23 December by a new, unanimous Council decision. We see no prospect of either alternative."

What U.S. attitude is

The U.S. position is that commitments for access to the EEC grain market can be negotiated with suppliers without reference to a specific internal grain price. The United States is, of course, interested in where the EEC finally sets its price, because that price, if protected by the present variable levy system, will lead to increased production in Europe.

Contrary to Mr. Hallstein's interpretation, however, the United States is not proposing quantitative regulation of markets as a solution to all problems in the Kennedy Round. Its proposals apply only where importers maintain a restriction on trade other than the traditional import duty. Where that duty is the form of control, quantitative assurances are not required, since importers can compete with domestic production on a price basis. This kind of competition is not possible where variable import fees, as used by the EEC, protect domestic production.

From the U.S. point of view, therefore, the success of the GATT negotiations does not depend on whether the EEC reaches a common price for grains at this time. So Christian A. Herter, the President's Special Representative for Trade Negotiations, told West German Chancellor Erhard in a recent conversation. He added that there is much preparatory work to be done on other agricultural commodities, on industrial items, and indeed on grains themselves. This can and should go ahead concurrently as the Common Market countries try to settle their internal grain price problem.

What could halt the Kennedy Round, Mr. Herter told the Chancellor, is the feeling within the EEC that the decision on grain prices must be reached before the EEC negotiators can negotiate in Geneva at all. This attitude, he said, could mean serious danger to the Kennedy Round's timetable and even to its final outcome. For example, to meet a November 16 deadline, the preparations to table lists of exceptions (which the United States feels must be done for agriculture and industry simultaneously) must go ahead at least by the time summer holidays end. Any further delay in progress, coming on top of the grave delays that have already occurred, would gravely jeopardize the success of the Round.

Mr. Herter said further that while the United States naturally hopes for as low an EEC grain price level as possible, it is aware that any price level that the EEC countries could agree on will still be so high as to necessitate assurance to grain-exporting countries that EEC imports of grain will be maintained.

Publications Recently Issued By USDA

In the last few months the Foreign Agricultural Service has issued a group of publications of interest to exporters of U.S. farm products. These are available without charge from FAS, U.S. Department of Agriculture, Washington, D. C. 20250.

U.S. Grain Exports Under Government Programs 1962-63: Wheat and Flour, Coarse Grains, Rice. FAS-M-142. Revised May 1964.

How U.S. Cotton is Sold for Export. FAS-M-71. Revised June 1964.

Survey of Mexican Vegetable Production, FAS-M-3. Revised June 1964.

Cotton in Brazil. FAS-M-156. April 1964.

Cherry Production in France. FAS-M-158. June 1964.

Tobacco Production and Trade of Madagascar (Malagasy Republic). FAS-M-159. May 1964.

Cotton in Iran. FAS-M-160. June 1964.

Also available from the same sources are a series of reports on the outlook for foreign trade in leading U.S. agricultural commodities: Tobacco; dairy cattle and dairy and poultry products; wheat, rice, feed grains, dry peas, dry beans, seeds; oilseeds, oilseed products, and marine oils.

In general these reports relate U.S. supplies to the current world situation and as far as possible predict trade possibilities. They should be requested by name: *Prospects for Foreign Trade In* (specify commodity).

Publications issued by the Economic Research Service, and available free from Room 0419, U.S. Department of Agriculture, Washington, D.C. 20250, include:

Trends and Developments in Japan's Economy Affecting the Market for U.S. Farm Products. Report No. 16.

Supplement to Statistics on the European Economic Community: Agricultural Trade and Finance. ERS-Foreign-43.

Financial Procedures Under P.L. 480. Report No. 17.

New 14-Country Market Development Program For U.S. Deciduous Fruits Starts in W. Europe

A market development program is being launched for fresh U.S. deciduous fruits in Western Europe to meet a longstanding need for more U.S. promotion in a market where competition is on the upswing.

Newly appointed European director John Schooley, formerly of the Perham Fruit Corporation of Washington, takes up his post in London this month in time for the opening of the 1964-65 marketing season for U.S. fruits. His chief responsibility will be to coordinate program activities in 14 countries — all the EEC members, Scandinavia, the United Kingdom, Switzerland, Ireland, and Austria.

Sponsored by the Northwest Horticultural Council and FAS, market development work will begin by furnishing information to major European fruit buyers, processors, and importers on the quality and availability of U.S. fruits, mostly apples and pears.

At the same time, studies will be made on how U.S. fruit growers can better meet the specifications of Western Europe's markets, and on the factors restricting U.S. fruit sales.

With this as a foundation, the London office will plan and carry out various promotional activities aimed at both European consumers and importers, such as advertising and various merchandising campaigns.

U.S. fruits' top buyer

Despite a 25-percent postwar cutback in U.S. sales of apples and pears to Western Europe, the area continues to be the best customer for these fresh U.S. deciduous fruits, in 1963-64 taking 2.5 million boxes of apples and 356,000 bushels of pears — or over half of total U.S. shipments overseas. The next decade is expected to bring gradual increases in this trade, in response to Western Europe's ever-rising levels of living and consumption of fresh fruits.

Underscoring the need for the U.S. market development program have been the increasing efforts of Southern Hemisphere apple and pear exporters to gain a bigger share of the European fruit market. For years, the four top contenders — Argentina, South Africa, Australia, and New Zealand—have maintained export representatives on the Continent whose chief function is to make sure their fruit meets importer specifications.

Customer service and other measures utilized in worldwide promotion of U.S. fruit products take on special significance in Western Europe, where seasonal embargoes on non-European fruit tend to restrict trade.

First import controls

Europe's tight control of fruit imports had its beginnings immediately after World War II when—in a move to preserve scarce foreign exchange—imports of fresh fruits were prohibited along with other items in the "luxury" category.

With the return of postwar prosperity in Europe, however, most countries retained seasonal embargoes on non-European fruit to shield domestic fruit industries from excessive competition.

As a result, European production of deciduous fruits climbed rapidly, particularly apples which have registered a fourfold production increase since the war. Biggest increases have been in Italy and France.

Each year since 1957, Italy's apple production has topped its previous record and today the country is Western Europe's leading supplier. (The United States ranks sixth.) Italian membership in the Common Market has also been a factor.

A recent arrival on the apple export scene is France, which last season supplied large amounts to the United Kingdom—U.S. apples' most important international buyer.

The result of Europe's burgeoning fruit production has been a shrinking of Western European markets for U.S. fruit. U.S. sales are down from prewar levels to every European market, except Sweden, Finland and Norway, with the first two countries now ranking second and third as buyers of U.S. apples on the Continent.

Non-European imports are permitted only after Europe's own fruit supplies have moved to market—usually from late fall until the summer harvest. A few countries have annual import quotas.

The controls do not favor any one non-European exporter, except those in the United Kingdom, which gives preferential treatment to Commonwealth members.

Actually, the United States has the price edge over Southern Hemisphere exporters. Last year, with a late apple crop, Argentina—second largest non-European exporter after Australia—decided to withhold shipments until U.S. apples advanced in price, though the expected increase did not materialize. Besides competitive price, the United States offers a far wider variety of apples than do both the Southern Hemisphere and European suppliers.

Where U.S. fruit exporters operate at a disadvantage is in markets like Denmark and Norway which have generally opened their doors after mid-February when the Southern Hemisphere's exports of fresh fruit are at their peak. Since U.S. fruit must come from storage stocks at this time of year, the quality image held by U.S. apples in Western Europe may suffer a setback if U.S. exporters send other than top-quality fruit.

U.S. objectives

Because U.S. apples can best compete from the standpoint of price and quality in the fall months, the goal for the moment is earlier opening dates of most countries' import seasons, and more advance notice of these dates. Progress in this area has already been made in Norway.

U.S. exporters are also seeking a change in the U.K. quota system, which at present permits only one-fifth of total apple imports before January when holiday selling is big.

Other countries with quota systems have made these recent changes: France for the first time since the war has agreed to admit U.S. and Canadian apples in any volume in the 1964-65 and 1965-66 market seasons, though this business will be small because of an expected large apple harvest in France; and West Germany will issue larger quotas or tenders for U.S. fruits to be based on grades.

U.S. Feed Grains Help Small Hong Kong Farmers Raise Better Pigs

U.S. feed grains are unloaded, above left, in a warehouse converted from a World War II airplane hangar. Right, a typical small Hong Kong pig farm.

Some time next week, the first U.S. feed grains will be sold to needy Hong Kong pig farmers through Operation Feedbag, a nonprofit organization incorporated under Hong Kong laws.

Sold at reduced prices, the grain will go to those farmers who agree to improve their breeding stock, pigsties, and sanitary practices, and inoculate against disease.

Operation Feedbag's technical staff of seven people will visit each participating farmer once a month to ensure that the feed is properly used and that the farmer is carrying out his part of the bargain. They will also assist in the marketing of the hogs.

The initial 20,000-ton consignment of U.S. grains, valued at approximately $1 million, is a grant under America's Food for Peace program. The Hong Kong Government provided a $175,000 interest-free loan.

In 1963, Hong Kong had to import some two-thirds of the 2.1 million hogs slaughtered that year, most of them from Mainland China. More efficient domestic production would increase Hong Kong's food supply, provide badly needed income to Hong Kong's small farmers.

Operation Feedbag hopes to help some 6,000 out of Hong Kong's 27,000 hog farmers operate more efficiently. —JOHN R. WENMOHS
U.S. Agricultural Officer, Hong Kong

Chile First To Buy U.S. Beef Under P.L. 480

The first sale of U.S. beef under P.L. 480 longterm credit has just been authorized in a U.S. agreement with Chile.

The $20.9 million Food for Peace agreement includes 6.6 million pounds of beef, valued at $2.1 million, along with $9.7 million of wheat, wheat flour, or bulgur; $3.2 million of cotton; and lesser amounts of soybean or cottonseed oil, tobacco, and butter or anhydrous milk fat.

Sale of the beef is contingent upon Chile's maintaining its normal purchases of beef and veal from Free World suppliers (principally Argentina and Uruguay), in order to protect Chile's customary trading relationships. Chile is normally an importer of beef and live cattle.

Imports to be made under the P.L. 480, Title IV, agreement will help to compensate for some decline in Chile's own livestock production and will help to meet the country's increasing consumer demand for beef.

Chile will use the proceeds from the sale of these commodities in Chile for economic and social development projects, under the Alliance for Progress program.

Title IV of P.L. 480 authorizes longterm dollar credit sales and facilitates expansion of dollar markets abroad for U.S. farm commodities, and assists in the economic development of friendly countries. Through May 31st of this year, initial dollar payments to the United States under this relatively new longterm credit program (both principal and interest) amounted to $4,624,561.

Popcorn's Popularity at Swiss Fair Indicates Sales Potential

The successful introduction of American popcorn at two functions in Switzerland could lead to the development of an export market with appropriate followup by the U.S. trade, according to the Agricultural Attaché to the U.S. Mission in Geneva.

Popcorn recently proved the hit of Geneva's Kermesse Fair, an annual 3-day charity benefit for retarded children. Most Swiss visitors to the U.S. exhibit—estimated at between 60,000 and 70,000—had never before eaten popcorn, but after initial sampling, bought it in large volume.

American popcorn appeared next at Bern, at the special request of the U.S. Ambassador who served it at the Embassy's July 4 reception.

France Cuts Import Duties on Beef and Cattle

The French Government has reduced the import duty on beef and beef variety meats coming from non-EEC countries, such as the United States, from 10 percent to 6 percent for the period July 1 to August 15, 1964. There is no duty on imports from other members of the EEC.

The French import duty on live cattle has been cut from 8 to 4.8 percent for non-EEC countries. These lower tariffs are intended to encourage increased imports and to alleviate the national meat shortage.

This is the second reduction in duties this year. In late May the duties on beef and cattle were halved.

U.K. Exports of Meat, Live Animals to Europe

U.K. exports of livestock and meat to other European countries have increased sharply in recent months. This gain has been made possible by rising prices, the unusually strong demand in Europe, and the government's decision not to control exports. The government has chosen not to control exports because it believes this would only result in increased direct exports to Europe from foreign countries such as Australia and New Zealand, and thereby limit supplies to fill U.K. import requirements.

As a result, U.K. exports of meat and livestock have increased to such an extent as to cause considerable public concern. Also, government production payments have been made on some of the livestock slaughtered and then exported. These exports, therefore, are resulting in some direct drain on the treasury, even though U.K. prices have risen to levels where producer subsidies are generally low.

European Pork Production To Exceed Demand by Late 1964

Current forecasts of 1964 pork production in Western Europe indicate an end to recent pork shortages and the possibility of surpluses by the end of the year.

It appears that the hog cycles in most Western European countries coincide very closely and that, in effect, there is a single production cycle for Europe. Last year the production cycle was at its low, with prices reaching a peak in the winter months, but now the cycle is turning up again and the forecast is for greatly increased production in late 1964 and early 1965.

During the 1963 low point in European production, U.S. pork was imported in sizable quantities at competitive prices by several European countries. This demand has diminished and will likely vanish altogether as European supplies increase.

Germany expects a record hog slaughter this year. At the same time, production is increasing in the United Kingdom, Denmark, Sweden, France, the Netherlands, Belgium, Switzerland, Norway, Portugal, and Austria.

With the traditional pork exporting and importing countries of Europe expecting large supplies during the year, some concern has been expressed about pork prices by the end of the year. Some weak spots have already appeared. Prices have dropped in Italy and appear to be softening in the Netherlands. The EEC, which had suspended variable levies on pork, has now reinstated them. As a result of the EEC action and the larger supplies in alternative markets, disposal problems could develop in Denmark and Sweden as well.

Because of the difference in timing between the U.S. and European production cycles, the United States in the long run may again export to Europe when that area's production drops and prices rise.

Spain Increases Prices to Farmers on Wheat

The Spanish Government has announced an increase of about 83½ cents per bushel in the prices paid farmers for their 1964 wheat crops. Prices of the five types of wheat will range from $2.71 to $3.28.

Reason given for the higher prices was the increased production costs. To alleviate this, the government has been assisting in a program aimed at increasing the efficiency of wheat production by small farmers.

The announcement indicated that feed grain prices for 1964 would be maintained at the current level.

Canada's Initial Grain Payments Unchanged

The Canadian Minister of Trade and Commerce announced in mid-June that initial payments for the basic grades of western wheat, oats, and barley delivered during the 1964-65 crop year (August-July) will be at the same level as this year's.

The payments, in U.S. equivalents, are as follows:

- For wheat, $1.39 per bushel, basis No. 1 Northern, in store, Fort William/Port Arthur or Vancouver;
- For oats, $0.55 per bushel, basis No. 2 Canada Western, in store, Fort William/Port Arthur;
- For barrley, $0.89 per bushel, basis No. 3 Canada Western Six Row, in store, Fort William/Port Arthur.

The initial payment for all other grades are to be established at a later date by the Canadian Wheat Board.

West Germany's Rice Imports Decline

West Germany's rice imports during January-March 1964, at 34,000 metric tons, were 6,800 tons below those in the same period a year ago.

The principal decrease was in imports from Egypt, which were down by 7,900 tons. However, imports from the United States, Communist China, and Burma increased sharply. Takings from the United States, at 15,400 tons, were 4,500 tons above those in the same period last year. Imports from China and Burma totaled 720 and 198 tons, respectively, compared with none in the preceding year.

Semimilled rice imports during January-March were down by 8,700 tons, with the main decline in takings from Egypt. Imports from the United States, at 14,800 tons, exceeded those of January-March 1963 by 4,400 tons.

West German imports of *milled, whole* rice increased by 2,000 tons over the same period in 1963. Largest increase was in takings from Italy—1,175 tons against last year's 530. West Germany also received rice from France and Communist China. These two countries had supplied no

rice in the same months of the previous year.

Broken rice imports continued to decline, the largest drop being in takings from the United States. Moderate quantities of this type came from Communist China and Burma as compared with none in 1963.

WEST GERMANY'S IMPORTS OF RICE

Country of origin	Average 1956-60	1963	January-March 1963	January-March 1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Semimilled:				
Italy	19,880	5,450	2,527	529
Egypt	19,212	41,592	18,460	10,602
Surinam	7,220	10,280	4,179	3,026
United States	19,298	50,244	10,426	14,825
Thailand	8,282	1,869	1,372	0
Spain	7,357	4,950	0	0
Other countries	14,232	9,016	564	0
Total	95,481	123,401	37,528	28,982
Milled, whole:				
Netherlands	4,901	3,080	816	971
Italy	205	3,453	530	1,175
United States	333	332	101	517
Other countries	2,140	2,124	48	912
Total	7,579	8,989	1,495	3,575
Broken:				
China, Communist	4,101	321	0	313
United States	3,346	5,466	345	51
Burma	12,344	1,393	0	198
Other countries	3,670	4,897	1,729	1,173
Total	23,461	12,077	2,074	1,735
All rice:				
Italy	20,260	8,903	3,057	1,704
Egypt	20,070	41,592	18,460	10,602
United States	22,977	56,042	10,872	15,393
Surinam	7,422	11,034	4,259	3,428
Netherlands	5,517	3,850	934	1,051
Argentina	2,025	1,792	646	548
China, Communist	8,254	1,337	0	720
Burma	16,444	1,393	0	198
Thailand	10,064	2,150	1,471	197
Spain	7,357	2,376	0	0
Other countries	6,131	14,000	1,398	451
Total	126,521	[1] 144,469	41,097	34,292

[1] Includes 2 tons of rough rice not included in the subtotals.

Der Aussenhandel der Bundersrepublik Deutschland.

West Germany Imports More Cheese

West Germany increased its imports of cheese to 67 million pounds in the first quarter of 1964 from 65 million in the same period of 1963. Principal suppliers were the Netherlands, with 24 million pounds; Denmark 20 million; and France 12 million. In the same months, West Germany exported 10 million pounds of cheese, mostly to Italy, as compared with 8 million in 1963.

Butter imports, at 22 million pounds, were the same as in the 1963 period. Among the suppliers were France, with 5 million pounds; New Zealand, 4 million; and Sweden and the Netherlands, 2 million each. Shipments from the United States were 2 million pounds, compared with 353,000 in 1963.

Imports of dried milk were up 24 percent to 9 million pounds. France supplied 3 million pounds; New Zealand, the Netherlands, and Austria supplied most of the remainder.

Switzerland Increases Its Cheese Exports

Switzerland's exports of cheese—mostly hard types—during the first 3 months of 1964 totaled 17 million pounds compared with 15 million in the same period last year. Principal markets were Italy, with 6 million pounds; France, 3 million; the United States, West Germany, and Belgium, 2 million each.

Imports of cheese, at 6 million pounds, were the same in both years and came mostly from France, Italy, and Denmark.

Exports of dried milk, at 2 million pounds, were unchanged from those of the first quarter of 1963. France took 1 million pounds; Thailand, Venezuela, and Iran took the remainder.

In this same period, imports of dried milk were approximately 4 million pounds. The largest single supplier was the United States with 1 million pounds; other suppliers were Austria, France, the Netherlands, West Germany, and New Zealand.

Switzerland's imports of butter were heavy in the first quarter of 1964, as a result of a 25-percent decrease in butter production. Butter imports were 6 million pounds, compared with 533,000 last year. Principal suppliers were Finland, Norway, and Sweden with 1 million pounds each, and the United States, 769,000.

Indonesia's Exports of Copra and Palm Products

Registered exports of copra from Indonesia during January-March totaled 29,741 long tons, compared with 30,911 shipped in the same period of 1963.

Registered exports of palm oil from Indonesia during the first 3 months of 1964 were down slightly, to 23,704 short tons from 25,651 in January-March 1963. Shipments of palm kernels rose to 14,320 tons from 10,047.

Malaya Exports Less Copra and Coconut Oil

Net exports of copra and coconut oil from the Malay States and Singapore during January-February totaled 781 long tons, oil basis, compared with 3,438 in the same period of 1963.

India's Castorbean Crop at Last Year's Level

The final official estimate places India's 1963-64 castorbean crop at 110,891 short tons, the same as the 1962-63 crop but 12 percent less than the 1955-59 average.

Area harvested, at 1,109,000 acres, was 28,000 acres or about 3 percent above that of the previous year, but the average yield per acre, at 200 pounds, was down slightly.

Argentine Peanut Estimate Up Slightly

Argentina's 1963-64 peanut production is 369,720 short tons, according to the second official estimate. This is 2 percent above the first estimate (*Foreign Agriculture*, June 1), 8 percent above the reduced outturn of 1962-63, but one-fifth below the record 477,300 short tons produced during 1961-62.

Philippine Exports of Desiccated Coconut Increase

Registered shipments of desiccated coconut from the Philippines during May totaled 6,122 short tons, against 5,983 in May 1963.

Shipments during January-May amounted to 25,510 tons, compared with 22,232 in the same period of 1963. Of this amount, 20,837 tons, 1,830, and 1,647 were shipped to the United States, Australia, and Canada, respec-

tively, compared with 18,309, 1,519, and 974 in the same period a year ago.

Philippine Copra and Coconut Oil Exports

Registered exports of copra and coconut oil from the Philippine Republic in January-May (oil-equivalent basis) totaled 261,396 long tons, down 7 percent from 279,921 in the same period of 1963.

PHILIPPINE EXPORTS OF COPRA AND COCONUT OIL

Destination	1963 [1]	January-May	
		1963 [1]	1964 [1]
	Long tons	*Long tons*	*Long tons*
Copra:			
United States	245,293	87,375	76,851
Europe	623,693	207,244	198,529
South America	16,970	7,000	1,000
Japan	38,977	16,000	10,800
Other Asia	500	—	500
Middle East	3,250	3,250	140
Total	928,683	320,869	287,820
Coconut oil:			
United States	183,648	73,665	64,688
Europe	28,489	900	11,660
South Africa, Rep. of	—	—	843
Total	212,137	74,565	77,191

[1] Preliminary.

Compiled from monthly data on registered shipments.

Iceland's Exports of Fish Oils and Meals

Iceland's exports of fish and fish liver oils in January-March totaled 6,186 metric tons, less than one-half the 13,025 tons for January-March 1963. Exports of fishmeal increased 38 percent to 32,302 tons from 23,444 last year.

ICELAND'S EXPORTS OF FISH OILS AND MEALS

Item	1963	January-March	
		1963	1964
	Metric tons	*Metric tons*	*Metric tons*
Herring oil	55,184	11,044	4,807
Redfish oil	754	64	28
Cod liver oil	8,650	1,917	1,351
Total	64,588	13,025	6,186
Herring meal	76,583	20,970	26,564
Redfish meal	4,028	—	109
Fishmeal	22,809	2,344	5,486
Fish liver meal	442	130	143
Total	103,862	23,444	32,302

Compiled from official sources.

Antarctic Whale Quota Reduced

At the 16th International Whaling Commission Conference held in June, the maximum catch for the 1964-65 Antarctic pelagic season was reduced from 10,000 blue whale units to 8,000. According to the international quota agreement, the maximum catch shall be apportioned as follows: Japan 3,680 units, Norway 2,240, the USSR 1,600, and the Netherlands 480.

This further reduction in the catch limit demonstrates the concern over the diminishing whale stocks in the Antarctic. Out of the total 10,000 blue whale units allocated the four countries in the 1963-64 season, only 8,425 were caught. In the 1962-63 season the pelagic expeditions caught 11,306 out of a total quota of 15,000.

India's Peanut Crop at Record High

India's 1963-64 peanut production was a record 5,831,830 short tons (unshelled) from 16,814,000 acres, according to the final official estimate released May 23, 1964. This is an increase of 10 percent in output, despite a decline of 1 percent in area, from the revised 1962-63 estimate of 5,314,410 tons from 16,962,000 acres.

Despite the record production of peanuts in 1963-64, prices of peanuts and peanut oil in India are reportedly the highest ever reached. This is attributed to the overall shortage of edible oils resulting from the decline in the production of sesame and rape and mustard in 1963-64.

Consequently, trade sources in New Delhi do not anticipate a substantial decline in peanut and peanut oil prices during the coming months. From the standpoint of supply alone, it seems unlikely that exports of peanut oil in 1964 will reach the high level of 1963.

Philippine 1963 Tobacco Exports

Philippine exports of unmanufactured tobacco in 1963 totaled 53.9 million pounds—up a little from the 53.2 million shipped out in 1962. Most of the exports consisted of native cigar types; however, 6 million pounds of flue-cured were exported, mainly to Italy and West Germany.

Spain, the largest market, took 14.1 million pounds of Philippine cigar-type tobaccos in 1963, compared with 24.5 million in 1962. U.S. purchases of Philippine tobaccos totaled 11.1 million pounds—down about 8 percent from 1962. These drops were offset by large exports to Italy—9.7 million pounds compared with none in 1962—and sharply increased shipments to France. Exports to West Germany in 1963 totaled 6.1 million pounds, compared with 7.6 million in the previous year.

PHILIPPINE EXPORTS OF UNMANUFACTURED TOBACCO

Destination	1961	1962	1963 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
Spain	22,185	24,518	14,061
United States	9,346	12,052	11,105
Italy	—	—	9,663
France	—	3,120	6,404
Germany, West	1,864	7,645	6,141
Belgium	993	2,028	1,923
Netherlands	571	2,045	1,115
Others	2,070	1,816	3,524
Total	37,029	53,224	53,936

[1] Preliminary; subject to revision.

Taiwan's Cigarette Output Rises

Cigarette output in Taiwan (Formosa) during 1963 totaled 12.4 billion pieces, compared with 11.9 billion in 1962 and 12.3 billion in 1961. Production of cigars continued downward and amounted to 299,000 pieces, compared with 384,000 in the previous year. Also, the production of pipe tobacco, at 584,000 pounds, was down 7 percent from the 1962 level of 627,000 pounds.

Filter-tipped cigarettes were first introduced in the spring of 1959. Currently four brands are being manufactured — "President," "Long Life," "Kin-Ma," and "Jade Mountain." They represent about 10 percent of total output and retail for the equivalent of 15 to 30 U.S. cents per package of 20.

Sabah's Cigarette Trade at Record

Imports of cigarettes into Sabah, Malaysia (formerly North Borneo), reached a new record of 14.9 million pounds in 1963. This was 3.6 million pounds greater than the 11.3 million of 1962 and slightly more than twice the 6.5 million of 1961. Larger imports from Hong Kong and Singapore accounted for the increase and more than offset reduced takings from the United Kingdom and the United States.

Imports from Hong Kong rose to 12.4 million pounds from 8.8 million in 1962, and those from Singapore climbed to 96,000 from 28,000. However, takings from the United States dropped slightly to 2,094,000 from 2,127,000. Imports from the United Kingdom were also down by 5.5 percent to 276,000 pounds from 292,000.

Sabah's exports of cigarettes, largely re-exports, totaled a record 12.8 million pounds compared with 9.8 million in 1962 and 3.6 million in 1961. The principal destination continued to be the Philippines, which took 12.6 million pounds, compared with 9.5 million in 1962 and 3.4 million in 1961. Shipments to Sarawak were also up from 1962, while exports to Indonesia, Brunei, and Singapore were down.

West Germany's Cigarette Trade Up

West Germany's exports of cigarettes during 1963 totaled 2,462 million pieces—up 37 percent from the 1,797 million exported in 1962. Larger shipments to Italy, Switzerland, Austria, France, Belgium, Yugoslavia, and Liberia accounted for most of the increase.

Shipments to Italy totaled 1,422 million pieces, compared with 1,030 million in 1962. Exports to other countries with 1962 data in parentheses were Austria 536 million pieces (506 million), Switzerland 128 million (66), France 64 million (35), Belgium 91 million (10), the Netherlands 38 million (62), Yugoslavia 41 million (10), Liberia 22 million (4), and Japan 18 million (22).

West Germany's cigarette imports also rose to 96 million pieces in 1963 from 53 million pieces in 1962. Larger takings from all suppliers accounted for this increase.

Imports from the United States totaled 53 million pieces, compared with 37 million in 1962. Imports from the United Kingdom totaled 13 million pieces; from Belgium, 20 million; and from Greece, 7 million.

Pakistan Has Record Cotton Crop

Pakistan's 1963-64 cotton crop is now estimated at a record 1,936,000 bales (480 lb. net) from 3,672,000 acres, compared with 1962-63's 1,690,000 bales from 3,435,000 acres.

The larger crop was attributed primarily to a 7-percent increase in planted area in West Pakistan which resulted in a 14-percent increase over 1962-63 in that region's production. Large-scale installation of irrigation wells, together with the production incentive provided by last season's favorable returns, accounted for this increase.

The 1964-65 cotton crop was severely damaged during the third week of June by high winds and excessive rainfall. Many irrigation canals were breached, and an estimated 40,000-bale reduction is expected in the 1964-65 crop. It is too late to replant the destroyed areas.

During June, the Government of Pakistan reduced the export duty on raw cotton from 20 to 10 rupees per bale (the equivalent of 52 cent points per lb.) and abolished the 3.1-percent export sales tax on cotton. These tax measures were adopted in an effort to make Pakistani cotton more competitively priced in world markets. However, the bulk of the 1963-64 crop has already been committed for export or consumption, and better qualities are now in tight supply.

Exports of cotton from Pakistan during the first 9 months (August-April) of the current season amounted to 541,000 bales. This is 4 percent more than the 521,000 shipped in the same period of 1962-63 and 85 percent above average exports of 292,000 bales in August-April of the past five seasons. Total exports for the full 1963-64 season are estimated at 725,000 bales, compared with 683,000 in the 1962-63 season.

Quantities shipped to principal destinations from August 1963 through April 1964, with comparable 1962-63 figures in parentheses, were Communist China 247,000 bales (43,000), Hong Kong 117,000 (126,000), Japan 60,000 (210,000), the United Kingdom 47,000 (21,000), Yugoslavia 26,000 (0), Belgium 9,000 (5,000), and the United States 5,000 (4,000).

Pakistan's cotton consumption has been at peak levels this season and may reach 1,225,000 bales for the entire 1963-64 season. Reportedly, 2.24 million spindles and 34,000 looms are in operation. The Industrial Development Bank of Pakistan has reportedly approved the installation of eight new gins at a cost of over $1 million; an additional 4.8 million dollars is earmarked for modernization of existing units. These expenditures are made possible by a $6.4-million loan from the Export-Import Bank of the United States.

Canada's Use of Cotton Highest Since 1950-51

Canadian cotton consumption, indicated by the number of bales opened by mills, was 35,802 bales (480 lb. net) in May—compared with 43,872 in April of the current season and 35,077 in May of 1963.

Consumption during the first 10 months (August-May) of the current season amounted to 378,000 bales, higher than consumption during the August-May period of any season since 1950-51. This is 14 percent above the 332,000 bales opened in the comparable period of 1962-63 and 20 percent above average consumption of 315,000 bales in the first 10 months of the past five season.

Coffee Council To Set 1964-65 Export Quotas

The fifth session of the Council of the International Coffee Agreement is scheduled to be held July 28-August 7 in London. The fixing of annual export quotas for the coffee year, October 1, 1964-September 30, 1965, and of quarterly export quotas are principal items on the draft agenda. Meetings of the Executive Board, July 6-17, will precede the Council session.

CORRECTIONS. In the July 6 issue of *Foreign Agriculture*, page 4, paragraph 6, read 1.9 million tons and 2.7 million tons, and in paragraph 7, 2.3 million tons. On page 12, first column head on table, read per 100 lb.

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